

§ 1901.504

FEDERAL REGISTER on which FmHA or its successor agency under Public Law 103-354 will make payment of the security before maturity in accordance with its terms.

(7) *Member bank.* Any national bank, state bank, or bank or trust company which is a member of a Reserve bank.

§ 1901.504 Authorities and responsibilities.

The Administrator will approve all methods of FmHA or its successor agency under Public Law 103-354 financing and major changes in existing methods. The Director, Finance Office, is responsible for servicing of all certificates of beneficial ownership and insured notes issued by the Finance Office, the Federal Reserve Bank of New York for the servicing of insurance contracts, and the Federal Reserve banks for certificates of beneficial ownership for which the Reserve banks are FmHA or its successor agency under Public Law 103-354's fiscal agents.

§ 1901.505 Certificates of beneficial ownership in FmHA or its successor agency under Public Law 103-354 loans.

(a) *Special trust of loans*—(1) *Establishment of special trusts.* From time to time FmHA or its successor agency under Public Law 103-354 will place in special trusts unmaturing loans evidenced by notes or other instruments. Loans may be placed into or removed from a special trust, but there will always be maintained in such trusts loans on which the unpaid amount is at least equal to the face value of the outstanding unmaturing certificates evidencing beneficial ownership in such special trust as provided in paragraph (a)(2) of this section.

(2) *Beneficial ownership of special trusts.* To permit interested persons to acquire a beneficial ownership of loans comprising a special trust established under paragraph (a)(1) of this section, FmHA or its successor agency under Public Law 103-354 will sell certificates which will evidence beneficial ownership of an interest in the special trust to the extent of the face value of such certificates. FmHA or its successor agency under Public Law 103-354 will

7 CFR Ch. XVIII (1-1-13 Edition)

own an interest in special trusts equal to the amount by which the unpaid principal amount of loans comprising the trusts exceeds the face value of all outstanding certificates evidencing beneficial ownership in such trusts.

(b) *Sale of certificates.* FmHA or its successor agency under Public Law 103-354 will offer certificates for sale from time to time on such terms and conditions it may deem appropriate. Sales made by the Finance Office shall be made by its Director. No sale in excess of \$1 million will be made to any one investor without prior approval of the Associate Administrator or his designee. The terms and limitations of sales are subject to change from time to time, and may be obtained from the Finance Office.

(1) *Form of certificates.* The certificates may be interest-bearing or non-interest-bearing. The certificates may be made payable to the bearer or registered holder thereof, and will be negotiable. The certificates will be issued in denominations specified in the invitations for bid or other announcement of sale.

(2) *Issue date and maturity date of certificates.* The certificates will be issued on such dates and mature on such dates as specified in the invitation for bids or other announcement of sale. Such dates will appear on the face of the certificates.

§ 1901.506 Book-entry procedure for FmHA or its successor agency under Public Law 103-354 securities—issuance and redemption of certificate by Reserve bank.

(a) *Authority of Reserve bank.* Each Reserve bank is hereby authorized in accordance with the provisions of this subpart to:

(1) Issue book-entry FmHA or its successor agency under Public Law 103-354 securities by means of entries on its records which shall include the name of the depositor, the amount, the securities title (or series) and maturity date.

(2) Effect conversions between book-entry FmHA or its successor agency under Public Law 103-354 securities and definitive FmHA or its successor agency under Public Law 103-354 securities.

(3) Otherwise service and maintain book-entry FmHA or its successor

agency under Public Law 103-354 securities.

(4) Issue a confirmation of transaction in the form of a written advice (serially numbered or otherwise) which specifies the amount and description of any securities (that is, the securities title (or series) and the maturity date) sold or transferred and the date of the transaction.

(b) *Scope and effect of book-entry procedure.* (1) A Reserve bank as fiscal agent of the United States acting on behalf of FmHA or its successor agency under Public Law 103-354 may apply the book-entry procedure provided for in this subpart to any FmHA or its successor agency under Public Law 103-354 securities which have been or are hereafter deposited for any purpose in accounts with it in its individual capacity under terms and conditions which indicate that the Reserve bank will continue to maintain such deposit accounts in its individual capacity, notwithstanding application of the book-entry procedure to such securities. This paragraph shall be applicable but not limited to FmHA or its successor agency under Public Law 103-354 securities deposited:

(i) As collateral pledged to a Reserve bank (in its individual capacity) for advances by it.

(ii) By a member bank for its sole account.

(iii) By a member bank held for the account of its customers.

(iv) In connection with deposits in a member bank of funds of States, Municipalities, or other political subdivisions.

(v) In connection with the performance of an obligation or duty under Federal, State, Municipal, or local law, or judgments or decrees of courts.

(2) The application of the book-entry procedure under paragraph (b)(1) of this section shall not detract from or adversely affect the relationships that would otherwise exist between a Reserve bank in its individual capacity and its depositors concerning any deposit under this paragraph. Whenever the book-entry procedure is applied to such FmHA or its successor agency under Public Law 103-354 securities, the Reserve bank is authorized to take all action necessary in respect of the

book-entry procedure to enable such Reserve bank in its individual capacity to perform its obligation as depository with respect to such FmHA or its successor agency under Public Law 103-354 securities.

(3) A Reserve bank as fiscal agent of the United States acting on behalf of FmHA or its successor agency under Public Law 103-354 may apply the book-entry procedure to FmHA or its successor agency under Public Law 103-354 securities deposited as collateral pledged to the United States under Treasury Department Circular Nos. 92 and 176, both as revised and amended, and may apply the book-entry procedure, with the approval of the Secretary of the Treasury, to any other FmHA or its successor agency under Public Law 103-354 securities deposited with a Reserve bank as fiscal agent of the United States.

(4) Any person having an interest in FmHA or its successor agency under Public Law 103-354 securities which are deposited with a Reserve bank (in either its individual capacity or as fiscal agent of the United States) for any purpose shall be deemed to have consented to their conversion to book-entry FmHA or its successor agency under Public Law 103-354 securities pursuant to the provisions of this subpart and in the manner and under the procedure prescribed by the Reserve bank.

(5) No deposits shall be accepted under this section on or after the date of maturity or call of FmHA or its successor agency under Public Law 103-354 securities.

(c) *Transfer or pledge.* (1) A transfer or pledge of book-entry FmHA or its successor agency under Public Law 103-354 securities to a Reserve bank (in its individual capacity or as fiscal agent of the United States), or to the United States, or to any transferee or pledgee eligible to maintain an appropriate book-entry account in its name with a Reserve bank under this subpart is effected and perfected, notwithstanding any provision of law to the contrary, by a Reserve bank making an appropriate entry in its records of the securities transferred or pledged. The making of such an entry in the records of a Reserve bank shall:

(i) Have the effect of a delivery in bearer form of definitive FmHA or its successor agency under Public Law 103–354 securities.

(ii) Have the effect of a taking of delivery by the transferee or pledgee.

(iii) Constitute the transferee or pledgee a holder.

(iv) If a pledge, effect a perfected security interest therein in favor of the pledgee. A transfer or pledge of book-entry FmHA or its successor agency under Public Law 103–354 securities effected under this paragraph shall have priority over any transfer, pledge, or other interest, theretofore or thereafter effected or perfected under paragraph (c)(2) of this section or any other manner.

(2) A transfer or pledge of transferable FmHA or its successor agency under Public Law 103–354 securities, or any interest therein, which is maintained by a Reserve bank (in its individual capacity or as fiscal agent of the United States) in a book-entry account under this subpart, including securities in book-entry form under § 1901.506(b)(1)(iii) is effected, and a pledge is perfected by any means that would be effective under applicable law to effect a transfer or to effect and perfect a pledge of FmHA or its successor agency under Public Law 103–354 securities, or any interest therein, if the securities were maintained by the Reserve bank in bearer definitive form. For purposes of transfer or pledge hereunder, book-entry FmHA or its successor agency under Public Law 103–354 securities maintained by a Reserve bank shall, notwithstanding any provision of law to the contrary, be deemed to be maintained in bearer definitive form. A Reserve bank maintaining book-entry FmHA or its successor agency under Public Law 103–354 securities, either in its individual capacity or as fiscal agent of the United States, is not a bailee for the purposes of notification of pledges of these securities under this paragraph, or a third person in possession for the purposes of acknowledgment of transfers thereof under this paragraph. Where transferable FmHA or its successor agency under Public Law 103–354 securities are recorded on the books of a depositary (a bank, banking institution, financial

firm, or similar party, which regularly accepts in the course of its business FmHA or its successor agency under Public Law 103–354 securities as a custodial service for customers, and maintains accounts in the names of such customers reflecting ownership of or interest in such securities) for account of the pledgor or transferor thereof and such securities are on deposit with a Reserve bank in a book-entry account hereunder, such depositary shall, for purposes of perfecting a pledge of such securities or effecting delivery of such securities to a purchaser under applicable provisions of law, be the bailee to which notification of the pledge of the securities may be given or the third person in possession from which acknowledgment of the holding of the securities for the purchaser may be obtained. A Reserve bank will not accept notice or advice of a transfer or pledge effected or perfected under this paragraph and any such notice or advice shall have no effect. A Reserve bank may continue to deal with its depositor in accordance with the provisions of this subpart, notwithstanding any transfer or pledge effected or perfected under this paragraph.

(3) No filing or recording with a public recording office or officer shall be necessary or effective with respect to any transfer or pledge of book-entry FmHA or its successor agency under Public Law 103–354 securities or any interest therein.

(4) A Reserve bank shall, upon receipt of appropriate instructions, convert book-entry FmHA or its successor agency under Public Law 103–354 securities into definitive FmHA or its successor agency under Public Law 103–354 securities and deliver them in accordance with such instructions. No such conversion shall affect existing interest in such FmHA or its successor agency under Public Law 103–354 securities.

(5) A transfer of book-entry FmHA or its successor agency under Public Law 103–354 securities within a Federal Reserve Bank shall be made in accordance with procedures established by the Reserve bank not inconsistent with this subpart. The transfer of book-entry FmHA or its successor agency under Public Law 103–354 securities by

a Reserve bank may be made through a telegraphic transfer procedure.

(6) All requests for transfer or withdrawal must be made prior to the maturity or date of call of the securities.

(d) *Withdrawal of FmHA or its successor agency under Public Law 103-354 securities.* (1) A depositor of book-entry FmHA or its successor agency under Public Law 103-354 securities may withdraw them from a Reserve bank by requesting delivery of like definitive FmHA or its successor agency under Public Law 103-354 securities to itself or on its order to a transferee.

(2) FmHA or its successor agency under Public Law 103-354 securities which are actually to be delivered upon withdrawal may be issued in bearer or registered form.

(e) *Delivery of FmHA or its successor agency under Public Law 103-354 securities.* A Reserve bank which has received FmHA or its successor agency under Public Law 103-354 securities and effected pledges, made entries regarding them, or transferred or delivered them according to the instructions of its depositor is not liable for conversion or for participation in breach of fiduciary duty even though the depositor had no right to dispose of or take other action in respect of the securities. A Reserve bank shall be fully discharged of its obligations under this subpart by the delivery of FmHA or its successor agency under Public Law 103-354 securities in definitive form to its depositor or upon the order of such depositor. Customers of a member bank or other depositary (other than a Reserve bank) may obtain FmHA or its successor agency under Public Law 103-354 securities in definitive form only by causing the depositor of the Reserve bank to order the withdrawal thereof from the Reserve bank.

(f) *Registered securities.* (1) No formal assignment shall be required for the conversion to book-entry FmHA or its successor agency under Public Law 103-354 securities of registered FmHA or its successor agency under Public Law 103-354 securities held by a Reserve bank (in either its individual capacity or as fiscal agent of the United States) on the effective date of this subpart for any purpose specified in § 1901.506(b)(1). Registered FmHA or its successor

agency under Public Law 103-354 securities deposited thereafter with a Reserve bank for any purpose specified in § 1901.506(b) shall be assigned for conversion to book-entry FmHA or its successor agency under Public Law 103-354 securities.

(2) The assignment which shall be executed in accordance with the provisions of subpart F of 31 CFR part 306, so far as applicable, shall be to Federal Reserve Bank of _____, as fiscal agent of the United States acting on behalf of the Farmers Home Administration or its successor agency under Public Law 103-354, United States Department of Agriculture, for conversion to book-entry Farmers Home Administration or its successor agency under Public Law 103-354 securities.

(g) *Servicing book-entry FmHA or its successor agency under Public Law 103-354 securities, payment of interest, payment at maturity or upon call.* Interest becoming due on book-entry FmHA or its successor agency under Public Law 103-354 securities shall be charged to the general account of the Treasurer of the United States on the interest due date and remitted or credited in accordance with the depositor's instructions. Such securities shall be redeemed and charged to the same account on the date of maturity or call, and the redemption proceeds, principal, and interest shall be disposed of in accordance with the depositor's instructions.

(h) *Issuance and redemption.* (1) In those instances where the Reserve bank is acting as fiscal agent of the United States acting on behalf of FmHA or its successor agency under Public Law 103-354, the following subparts of Treasury Department Circular No. 300 (31 CFR part 306), so far as applicable, shall apply to such certificates.

(i) Subpart B, Registration.

(ii) Subpart C, Transfers, Exchanges and Reissues.

(iii) Subpart D, Redemption or Payment.

(iv) Subpart E, Interest.

(v) Subpart G, Assignments of Registered Securities—General.

(vi) Subpart F, Assignments by or in Behalf of Individuals.

(vii) Subpart H, Assignments in Behalf of Estates of Deceased Owners.

(viii) Subpart I, Assignments by or in Behalf of Trustees and Similar Fiduciaries.

(ix) Subpart J, Assignments in Behalf of Private or Public Organizations.

(x) Subpart K, Attorneys in Fact.

(xi) Subpart L, Transfer Through Judicial Proceedings.

(xii) Subpart M, Requests for Suspension of Transactions.

(xiii) Subpart N, Relief for Loss, Theft, Destruction, Mutilation, or De-facement of Securities.

§ 1901.507 Certificates of beneficial ownership issued by the FmHA or its successor agency under Public Law 103-354 Finance Office.

(a) *Orders and payment.* Orders for investment in certificates may be placed with the Finance Office by mail, telephone, or in person. Payment for purchase of certificates may be made by a wire transfer to the Federal Reserve Bank of St. Louis for credit to the Farmers Home Administration or its successor agency under Public Law 103-354, by a certified check or bank draft payable to the Farmers Home Administration or its successor agency under Public Law 103-354. The rate of interest paid on the certificate will be the rate in effect on the date the Finance Office receives the payment.

(b) *Registration.* (1) The registration used must express the actual ownership of a certificate and may not restrict the authority of the owner to dispose of it in any manner. FmHA or its successor agency under Public Law 103-354 reserves the right to treat the registration as conclusive ownership. Request for registration must be clear, accurate, and complete, and include the appropriate taxpayer identifying number or social security number.

(2) The registration of all certificates owned by the same person, organization, or fiduciary should be uniform with respect to the name of the owner and, in case of fiduciary, the description of the fiduciary capacity. Individual owners should be designated by the names by which they are ordinarily known or under which they do business, preferably including at least one full given name. The name of an indi-

vidual may be preceded by an applicable title, as, for example "Mrs.", "Mr.", "Miss", "Ms.", "Dr.", or "Rev.", or followed by a designation such as "M.D.", "D.D.", "Sr.", or "Jr.". Any other similar suffix should be included when ordinarily used or when necessary to distinguish the owner from another member of his family. The address should include, where appropriate, the name and street, route, or any other location feature, and zip code.

(3) If an erroneously inscribed certificate is received, it should not be altered in any respect. FmHA or its successor agency under Public Law 103-354 should be given full particulars about the error and asked to furnish instructions.

(c) *Transfers and exchanges—closed periods*—(1) *General.* Transfer of registered certificates should be made by assignment in accordance with this section. Registered securities are eligible for denominational exchange. Specific instructions for issuance and delivery of new certificates signed by the owner or the owner's authorized representative must accompany the certificates presented. Certificates presented for transfer must be received by FmHA or its successor agency under Public Law 103-354 not less than 1 full month before the date on which they mature. Any certificates so presented which are received too late to comply with this provision will be accepted for payment only.

(2) *Closing of transfer books.* The transfer books are closed for 1 full month preceding interest payment dates. If the date set for closing falls on Saturday, Sunday, or a legal holiday, the books will be closed as of the close of business on the last business day preceding that date. The books are reopened on the first business day following the date on which interest falls due. Registered certificates which have not matured, or have been submitted for transfer and are received when the books are closed for that certificate, will be processed on or after the date such books are reopened. If certificates are received for transfer when the books are closed for payment of final